

# Death Benefits

State Police Retirement System

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## GROUP LIFE INSURANCE BENEFITS

The State pays the cost of your group life insurance coverage. Group life insurance is provided through policies issued by the insurance carrier (Prudential Group Life Insurance). When you first enroll in the State Police Retirement System (SPRS), you receive an individual certificate from the Division of Pensions and Benefits which you should keep with your important papers.

Life insurance coverage above \$50,000 provided through employment may be subject to federal and state taxes. To avoid federal or state taxation of life insurance coverage, members of the SPRS may elect to waive non-contributory group life insurance benefits in excess of \$50,000. If this situation affects you, you may want to request the Division of Pensions and Benefits' Fact Sheet #22, *Waiver of Noncontributory Group Life Insurance over \$50,000*.

If your death occurs **in active service** before retirement and is not the result of an accident in the performance of your regular assigned job duties (see **Accidental Death** on page 2), your named beneficiary (or estate where there is no named beneficiary) will receive a death benefit equal to 3 1/2 times your final compensation, i.e. the base or contractual wages (**including** maintenance) you received during the preceding 12 months. (If you waived your group life insurance coverage over \$50,000, your death benefit would be \$50,000.) If you die during the first year of creditable service, the benefits will be computed at the annual rate of contribution.

If you die **after retirement**, your named beneficiary (or estate where there is no named beneficiary) will receive group life insurance equal to 1/2 of your final compensation. Your surviving spouse or domestic partner (see Fact Sheet 71 for more information about domestic partnership) and minor children will receive benefits as stated under **Survivor Benefits** on the back page. If you retire on a Disability Retirement, the amount will be equal to 3 1/2 times your final compensation until age 55, when it will be reduced to 1/2 of final compensation.

**Life insurance is in force after retirement only if you retired with 10 or more years of pension**

**membership credit or retired on a disability retirement.**

## PAYMENT OF GROUP LIFE INSURANCE

Active members can complete a *Designation of Beneficiary* form to designate how their group life insurance benefits will be paid (group life insurance for retirees **must** be paid in a lump-sum). If you choose Lump-Sum, your beneficiary can pick another payment option. The options are:

- **Lump-Sum** is the entire proceeds taken as a single, one-time payment.
- **Annuity Certain** is equal installments over a period of years. If your beneficiary dies before all the payments have been made, the remaining monies will be paid in a lump-sum to your beneficiary's designated beneficiary.
- **Life Annuity** is paid monthly to your beneficiary for life. Payment continues even if your beneficiary outlives the actual amount of the benefits. For this reason, the value of the annuity is based on the amount payable and the life expectancy (age) of your beneficiary. All payments cease when your beneficiary dies.
- **Other** possibilities include options provided by the insurance company (Prudential Group Life Insurance) to its ordinary life policyholders.

These death benefits cannot be paid until all the necessary information and forms have been received by the Division of Pensions and Benefits. To report a death, contact Client Services at (609) 292-7524.

## LIFE INSURANCE ON LEAVE OF ABSENCE

Your group life insurance coverage will continue in full force for an official leave of absence without pay under the following conditions:

- up to two years while on an official leave of absence for personal illness.
- up to one year while on an official leave to fulfill a residency requirement for an advanced degree or as a full-time student at an institution of higher education.

- up to 93 days while on an official leave for personal reasons.

A member who has been suspended without pay is covered for group life insurance during the period of suspension.

### **CONVERSION OF GROUP LIFE INSURANCE**

#### **Termination or Leave of Absence**

If you terminate employment before retirement, or if your insured status while on a leave of absence expires, you will continue to be covered under group life insurance for the following 31 days. During that period you may convert your group life insurance, without medical examination, to an individual policy with Prudential. You may select any type of individual policy customarily offered by Prudential except term life insurance or a policy containing disability benefits. The premiums will be the same as you would pay if you were applying for a private policy at your current age. Example: If your compensation in the twelve months prior to your termination or leave of absence was \$30,000, your death benefit would be \$105,000 ( $3\frac{1}{2} \times \$30,000$ ). If you decide to convert your coverage, you could purchase up to \$105,000 worth of life insurance.

#### **Retirement**

When you retire, your group life insurance will be reduced (see page 1). Within the 31-day period following your termination of employment, you may convert the difference between the amount of life insurance you had before you retired and the reduced amount in effect at retirement to an individual policy. For example, if the base salary you earned in the twelve months prior to retirement was \$30,000, your total death benefit as an active member would be \$105,000 ( $3\frac{1}{2} \times \$30,000$ ). Once you retire, that benefit would be reduced to \$15,000. If you decide to convert your coverage, you could purchase up to \$90,000 (\$105,000-\$15,000) worth of life insurance.

For more information on conversion of group life insurance you may call Prudential at 1-800-262-1112. Requests for an individual policy should be submitted directly to your local Prudential office together with the group life insurance policy number (G14800) and your individual certificate number

(your SPRS membership number.) If you do not convert your group life insurance by the end of the 31-day period, your active coverage will terminate.

### **SURVIVING SPOUSE, DOMESTIC PARTNER, OR CHILDREN**

In addition to group life insurance benefits, your eligible surviving spouse or domestic partner will receive an annual pension of 50 percent of your final compensation for life or until he/she remarries.

An eligible spouse is defined as the person to whom you were legally married at the time of death. An eligible domestic partner is a person of the same-sex with whom you have entered into a domestic partnership and received a New Jersey *Certificate of Domestic Partnership* through application to a local registrar.

If there is no eligible surviving spouse/domestic partner or your spouse/domestic partner dies, a pension will be paid to your eligible dependent children, under the age of 18, at the rate of:

- 50 percent of final compensation to three or more eligible children;
- 35 percent to two eligible children; or
- 20 percent to one eligible child.

This benefit also applies to your child of any age who is mentally or physically disabled and incapable of gainful employment due to this impairment. This condition must be expected to last for not less than 12 months as determined by the SPRS Medical Review Board.

### **ACCIDENTAL DEATH**

If you die as a result of an accident during the performance of your regular or assigned duties, and your death is not a result of your willful negligence, your survivors are entitled to special Accidental Death benefits. A report of death must be filed with the retirement system within 60 days of the accident. An application for Accidental Death benefits must be filed with the Division of Pensions and Benefits within five years of the date of death.

Accidental death benefits are in addition to any group life insurance benefits which may be payable.

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In the case of Accidental Death, your eligible surviving spouse or domestic partner is paid an annual pension. This benefit is a lifetime benefit to your surviving spouse or domestic partner.

The surviving spouse or domestic partner pension benefit is equal to 70 percent of your adjusted final compensation, in addition to employer-paid health benefits. "Adjusted Final Compensation" means your final compensation or, as the case may be, final compensation increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active SPRS members after your death and before the date on which you would have accrued 25 years of service under an assumption of continuous service. At the time at which you would have reached 25 years of continuous service, that amount will become fixed and then eligible for annual cost-of-living adjustments.

If there is no eligible surviving spouse/domestic partner or your spouse/domestic partner dies, a pension will be paid to your eligible dependent children, under the age of 18, at the rate of:

- 50 percent of final compensation to three or

more eligible children;

- 35 percent to two eligible children; or
- 20 percent to one eligible child.

This benefit also applies to your child of any age who is mentally or physically disabled and incapable of gainful employment due to this impairment. This condition must be expected to last for not less than 12 months as determined by the SPRS Medical Review Board.

If there is no eligible surviving spouse/domestic partner or children, a pension will be paid to your surviving parents, if they were dependent on you for at least 50 percent of their income, as follows:

- 25 percent of final compensation to one eligible parent or
- 40 percent of final compensation to two eligible parents.

If a parent remarries, the benefit ceases.

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